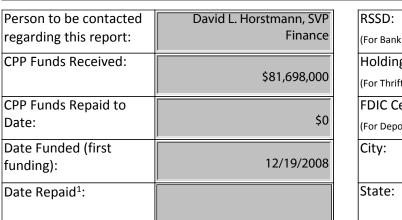
ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Heartland	Cima maial	LICA Inc	
mearuano	Financiai	USA. Inc	



RSSD:	
(For Bank Holding Companies)	1206546
Holding Company Docket Number:	
(For Thrift Holding Companies)	
FDIC Certificate Number:	
(For Depository Institutions)	
City:	
	Dubuque
State:	lowa
	lowa

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

X	Heartland was able to reduce lending less than would have been the case had it not participated in	
	CPP. Heartland continues to aggressively seek qualified lending opportunities in its market areas.	
	Net reduction in loans outstanding is due primarily to the economic factors of potential borrowers	



¹If repayment was incremental, please enter the most recent repayment date.

	To the extent the funds supported	
	increased lending, please describe the	
	major type of loans, if possible	
	(residential mortgage loans, commercial	
	mortgage loans, small business loans,	
	etc.).	
X		Heartland increased its purchase of securities during 2009 due primarily to reduced loan demand
	etc.).	and increases in deposit levels. The increases in the securities portfolio are available for new lending opportunities when such demand occurs.
		Spp Standard Michigan General
_	NA 1 11 1 1 1	
X	Make other investments	CPP funds were invested in subsidiary banks to enhance their capital positions and enhance their
X	Make other investments	CPP funds were invested in subsidiary banks to enhance their capital positions and enhance their ability to serve the financial needs of their market areas.
X	Make other investments	
×	Make other investments	
$\overline{\mathbf{x}}$	Make other investments	
X		
X	Increase reserves for non-performing	
X		
X	Increase reserves for non-performing	
X	Increase reserves for non-performing	
X	Increase reserves for non-performing	
X	Increase reserves for non-performing	
×	Increase reserves for non-performing	
×	Increase reserves for non-performing	
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×	Increase reserves for non-performing	
×	Increase reserves for non-performing	

X	Reduce borrowings	CPP funds permitted the reduction in the funds borrowed by Heartland to support its banking
		subsidiaries.
	Increase charge-offs	
X	Purchase another financial institution or purchase assets from another financial	Heartland, through its subsidiary Galena State Bank, purchased The Elizabeth State Bank from the FDIC. CPP funds were used to fund the required investment. This purchase insured the continuity of
	institution	banking services to the markets served by the failed bank.
	Held as non-leveraged increase to total capital	
	Cap.ta.	

What actions were you able to avoid because of the capital infusion of CPP funds?				
Heartland was able to avoid the need to raise equity capital at a time when such issuance would have been very difficult, if not impossible. The participation in CPP permitted Heartland to avoid the need to renegotiate its borrowing facilities at a time when such funds may not have been available.				

partland was able to invest substantial sums in its banking subsidiaries to ensure they remained well capitalized and able to contin	ue to convo the	
Heartland was able to invest substantial sums in its banking subsidiaries to ensure they remained well capitalized and able to continue to serve the needs of their markets. The acquisition of The Elizabeth State Bank from the FDIC would likely not have been possible without the use of CPP funds. This acquisition provided continuing borrowing capacity to customers in this market. Heartland was also able to continue the aggressive search for quality lending opportunities in all of its markets that may have been curtailed had CPP funds not been available.		

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.		

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.